
OLR Bill Analysis

HB 5513

AN ACT CONCERNING THE MODERNIZATION OF CONNECTICUT CORPORATION LAW.

SUMMARY:

This bill requires the chief court administrator to create the Business Organizations and Transactions Court as a separate docket in at least three judicial districts to hear and expeditiously resolve corporation law cases; other matters regarding business formation, shareholders, stocks and securities, and business transactions involving transferring ownership interests; and certain other business cases. As needed, the bill requires the governor to appoint judges to this court who have demonstrated experience and expertise in Connecticut corporate and business law.

The bill also creates a 17-member Commission on Connecticut's Leadership in Corporation and Business Law, within the Legislative Branch. The commission must make recommendations to (1) establish Connecticut's leadership in corporation and business organization law; (2) attract, encourage, and retain business entities organized under Connecticut law; and (3) establish these business entities' headquarters and significant business operations in Connecticut. It must submit a 10-year action plan to the legislature by October 1, 2015.

EFFECTIVE DATE: October 1, 2014

BUSINESS ORGANIZATIONS AND TRANSACTIONS COURT

Establishment

The bill requires the chief court administrator to establish this court as a separate docket in at least three judicial districts and adopt policies and procedures to implement the bill. The procedures must include:

1. an individual calendar method of case management that requires judges to preside over all aspects of the litigation, including trial;
2. using discovery, pleading, and trial procedures to promote efficiencies;
3. reducing the time between filing and disposing of cases; and
4. creating a consistent body of corporation law.

Existing law, unchanged by the bill, requires (1) court rules to establish the divisions and parts of the Superior Court to provide the highest standards of justice and most efficient operations and (2) the chief court administrator to assign judges to each division and part as he deems advisable and designate the times and locations of sessions as are in the best interest of court business, considering convenience to litigants and counsel and the efficient use of court personnel and facilities (CGS § 51-164t).

The bill requires the chief court administrator to report on his implementation of these provisions to the Banks and Judiciary committees by January 1, 2015.

Types of Cases

Under the bill, the court deals with corporation law cases and all other matters regarding business formation, shareholders, stock and securities, and business transactions involving transferring ownership interests. These cases include any case with a claim involving laws on:

1. corporations or other business entities such as limited partnerships, professional associations, limited liability companies, limited liability partnerships, and statutory trusts;
2. entity transactions;
3. state laws on trademark and collective and certification marks; and

4. state securities and business opportunities law.

COMMISSION ON CONNECTICUT'S LEADERSHIP IN CORPORATION AND BUSINESS LAW

Members

Under the bill, the commission consists of:

1. the Connecticut Bar Association business law section chairperson;
2. the economic and community development commissioner or her designee;
3. the chief court administrator or his designee;
4. the chairpersons of the Banks, Commerce, and Judiciary committees, or their designees chosen from among the appropriate committee's membership;
5. one member appointed by each of the six legislative leaders; and
6. two members appointed by the governor.

Members choose the commission's chairperson from among the members. The commission meets as necessary.

Charge

The bill requires the commission to develop and recommend policies to:

1. establish Connecticut as a leading and highly desirable location to organize a business entity and adjudicate corporate and business law matters;
2. attract, encourage, and retain business entities that organize under Connecticut law and have their headquarters and significant business operations here;
3. establish a Business Organizations and Transactions Court with exclusive jurisdiction over business formation, shareholders,

stock and securities, and business transactions involving the transfer of ownership interests; and

4. assist the secretary of the state in developing best-in-the-nation business services and support, including a state-of-the-art business formation and filing system with accelerated access to business services 24 hours a day.

The commission must also examine the impact of statutes and the common law in Connecticut, Delaware, and other states on business formation and retention in Connecticut. It must recommend legislation and other changes to the governor and legislature to encourage business entities to organize under Connecticut law and increase the rate and number of business entities organized under Connecticut law. To do so, the commission must examine the impact of:

1. Connecticut's business corporation laws;
2. state business taxes, including the franchise and corporation business taxes;
3. the Judicial Branch on business operations including court rules, statutes on civil procedure and the complex litigation docket, and the branch's composition;
4. the Secretary of the State's Office and the state's procedures on business formation and filing, including electronic and accelerated capabilities; and
5. Delaware's corporate law, Chancery Court, and statutory and administrative provisions on (a) Delaware's economy and economic development and (b) adjudication of corporate and business disputes in Connecticut courts.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/18/2014)